

**Housing Authority of the City of Alexandria
Alexandria, Louisiana**

**Annual Financial Report
As of and for the Year Ended June 30, 2001**

**Housing Authority of the City of Alexandria
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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the accompanying general-purpose financial statements of the Housing Authority of the City of Alexandria as of and for the year ended June 30, 2001, as listed in the foregoing table of contents. These general-purpose financial statements are the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Housing Authority of the City of Alexandria, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 26, 2001, on our consideration of the Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The accompanying supplemental information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards which is required by U. S. Office of Management and Budget Circular No. 133, Audit of States, Local Governments, and Non-Profit Organizations, are presented for the purpose of additional analysis and are not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Also, the accompanying other information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the general-purpose financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, accordingly, we express no opinion on it.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 26, 2001

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**PROPRIETARY FUND TYPES
Combined Balance Sheet
June 30, 2001**

Statement A

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
ASSETS			
Current Assets			
Cash and cash equivalents	\$ 1,749,372	\$ 448	\$ 1,749,820
Accounts receivable	485,875	0	485,875
Interfund receivable	446,294	0	446,294
Prepaid items and other assets	132,312	0	132,312
Inventory	<u>50,067</u>	<u>0</u>	<u>50,067</u>
 Total Current Assets	 <u>2,863,920</u>	 <u>448</u>	 <u>2,864,368</u>
 Restricted Assets			
Tenant deposits	<u>43,201</u>	<u>0</u>	<u>43,201</u>
 Fixed Assets			
Land, buildings, and equipment (net)	<u>20,796,518</u>	<u>0</u>	<u>20,796,518</u>
 TOTAL ASSETS	 <u>\$ 23,703,639</u>	 <u>\$ 448</u>	 <u>\$ 23,704,087</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**PROPRIETARY FUND TYPES
Combined Balance Sheet
June 30, 2001**

Statement A

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
LIABILITIES AND FUND EQUITY			
Current Liabilities			
Accounts payable	\$ 109,563	\$ 18,390	\$ 127,953
Interfund payable	446,294	0	446,294
Deferred revenues	<u>370,559</u>	<u>0</u>	<u>370,559</u>
 Total Current Liabilities	 926,416	 18,390	 944,806
 Current Liabilities Payable From Current Restricted Assets			
Deposits due others	43,201	0	43,201
 Noncurrent Liabilities			
Compensated absences payable	<u>77,448</u>	<u>0</u>	<u>77,448</u>
 Total Liabilities	<u>1,047,065</u>	<u>18,390</u>	<u>1,065,455</u>
 Fund Equity			
Contributed Capital	20,126,052	0	20,126,052
Retained earnings:			
Unreserved	<u>2,530,522</u>	<u>(17,942)</u>	<u>2,512,580</u>
 Total Fund Equity	<u>22,656,574</u>	<u>(17,942)</u>	<u>22,638,632</u>
 TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 23,703,639</u>	<u>\$ 448</u>	<u>\$ 23,704,087</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**PROPRIETARY FUND TYPES
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
For the Year Ended June 30, 2001**

Statement B

	ENTERPRISE	INTERNAL SERVICE	TOTAL (MEMORANDUM ONLY)
OPERATING REVENUES			
Dwelling rental	\$ 641,709	\$ 0	\$ 641,709
Other	145,680	0	145,680
Employer and insurance contributions	0	357,168	357,168
Total revenues	<u>787,389</u>	<u>357,168</u>	<u>1,144,557</u>
OPERATING EXPENSES			
Administration	1,291,266	92,034	1,383,300
Utilities	69,667	0	69,667
Ordinary maintenance & operations	681,157	0	681,157
Protective services	123,057	0	123,057
General expenses	239,078	0	239,078
Housing assistance payments	2,351,814	0	2,351,814
Depreciation and amortization	1,296,914	0	1,296,914
Claims	0	268,432	268,432
Total operating expenses	<u>6,052,953</u>	<u>360,466</u>	<u>6,413,419</u>
Income (loss) from Operations	<u>(5,265,564)</u>	<u>(3,298)</u>	<u>(5,268,862)</u>
Nonoperating revenues (expenses)			
Interest earnings	66,964	0	66,964
Federal grants	3,720,911	0	3,720,911
Total nonoperating revenues (expenses)	<u>3,787,875</u>	<u>0</u>	<u>3,787,875</u>
NET INCOME (Loss)	<u>(1,477,689)</u>	<u>(3,298)</u>	<u>(1,480,987)</u>
Depreciation on fixed assets acquired by contributions	<u>1,296,914</u>	<u>0</u>	<u>1,296,914</u>
Increase (decrease) in retained earnings	<u>\$ (180,775)</u>	<u>\$ (3,298)</u>	<u>\$ (184,073)</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**PROPRIETARY FUND TYPES
Combined Statement of Revenues, Expenses,
and Changes in Fund Equity
For the Year Ended June 30, 2001**

Statement B

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
RETAINED EARNINGS AT BEGINNING OF YEAR	\$ 1,856,619	\$ (14,644)	\$ 1,841,975
RETAINED EARNINGS AT END OF YEAR	<u>1,675,844</u>	<u>(17,942)</u>	<u>1,657,902</u>
CONTRIBUTED CAPITAL AT BEGINNING OF YEAR	21,422,966	0	21,422,966
Capital Contributions	854,678	0	854,678
Depreciation transferred from retained earnings	<u>(1,296,914)</u>	<u>0</u>	<u>(1,296,914)</u>
CONTRIBUTED CAPITAL AT END OF YEAR,	<u>20,980,730</u>	<u>0</u>	<u>20,980,730</u>
FUND EQUITY, END OF YEAR	<u>\$ 22,656,574</u>	<u>\$ (17,942)</u>	<u>\$ 22,638,632</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**PROPRIETARY FUND TYPES
Combined Statement of Cash Flows
For the Year Ended June 30, 2001**

Statement C

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating income (loss)	\$ (5,265,564)	\$ (3,298)	\$ (5,268,862)
Adjustments to reconcile net income (loss) to net cash provided by operating activities			
Depreciation and Amortization	1,296,914	0	1,296,914
Loss on sale of fixed assets	605	0	605
Changes in operating current assets and liabilities:			
(Increase) Decrease in interfund receivables	35,279	0	35,279
(Increase) Decrease in accounts receivables	(236,829)	0	(236,829)
(Increase) Decrease in interest receivables	0	0	0
(Increase) Decrease in prepaid items and and other assets	(25,137)	0	(25,137)
(Increase) Decrease in inventory	(23,155)	0	(23,155)
Increase (Decrease) in accounts payables	(3,534)	(1,324)	(4,858)
Increase (Decrease) in interfund payables	(35,279)	0	(35,279)
Increase (Decrease) in deposits due others	6,191	0	6,191
Increase (Decrease) in deferred revenue	224,945	0	224,945
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(4,025,564)</u>	 <u>(4,622)</u>	 <u>(4,030,186)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Federal grants	<u>3,720,911</u>	<u>0</u>	<u>3,720,911</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 <u>3,720,911</u>	 <u>0</u>	 <u>3,720,911</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Interest and bank charges on debt	0	0	0
Purchase fixed assets	(685,358)	0	(685,358)
Increase in compensated absences	0	0	0
Contributed capital	<u>854,678</u>	<u>0</u>	<u>854,678</u>
 NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	 <u>\$ 169,320</u>	 <u>\$ 0</u>	 <u>\$ 169,320</u>

(CONTINUED)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA

**PROPRIETARY FUND TYPES
Combined Statement of Cash Flows
For the Year Ended June 30, 2001**

Statement C

	<u>ENTERPRISE</u>	<u>INTERNAL SERVICE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
(Increase) Decrease in restricted assets	\$ 0	\$ 0	\$ 0
Interest earnings	<u>66,964</u>	<u>0</u>	<u>66,964</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>66,964</u>	 <u>0</u>	 <u>66,964</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 (68,369)	 (4,622)	 (72,991)
 CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	 <u>1,860,942</u>	 <u>5,070</u>	 <u>1,866,012</u>
 CASH AND CASH EQUIVALENTS AT END OF YEAR	 <u>\$ 1,792,573</u>	 <u>\$ 448</u>	 <u>\$ 1,793,021</u>

(CONCLUDED)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

Housing Authority of the City of Alexandria
Notes to the Financial Statements

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Housing Authority of the City of Alexandria
Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Housing Authority of the City of Alexandria (the Housing Authority) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY Housing Authorities are chartered as public corporations under the laws (LSA-R.S. 40:391) of the state of Louisiana for the purpose of providing safe and sanitary dwelling accommodations. This creation was contingent upon the local governing body of the city or parish declaring a need for the Housing Authority to function in such city or parish. The Housing Authority is governed by a five-member board of commissioners. The members, appointed by the Honorable Mayor of the city of Alexandria, serve a staggered term of five years.

The Housing Authority has the following units:

PHA Owned Housing	FW 1142	771
Section 8		
Rental Certificates	FW 2069	372
Moderate Rehab #3	FW 2069	9
Rental Vouchers	FW 2221	204
Department of Transportation and Development		12

The accompanying financial statements of the Housing Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

GASB Statement No. 14 establishes criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Housing Authority is considered a *primary government*, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Housing Authority may, without the approval or consent of another governmental entity, determine or modify its own budget, control collection and disbursements of funds, maintain responsibility for funding deficits and operating deficiencies, and issue bonded debt. The Housing Authority also has no *component units*, defined by GASB Statement No. 14 as other legally separate organizations for which the elected Housing Authority members are financially accountable.

The Housing Authority is a related organization of the city of Alexandria since the city of Alexandria appoints a voting majority of the Housing Authority's governing board. The city of Alexandria is not financially accountable for the Housing Authority as it cannot impose its will on the Housing Authority and there is no potential for the Housing Authority to provide financial benefit to, or impose financial burdens on, the city of Alexandria. Accordingly, the Housing Authority is not a component unit of the financial reporting entity of the city of Alexandria.

Certain units of local government over which the Housing Authority exercises no oversight responsibility, such as the school board, parish police jury, other independently elected parish officials, and municipalities within the parish, are excluded from the accompanying financial statements. These units of government are considered separate reporting entities and issue financial statements separate from those of the Housing Authority. In addition, the accompanying financial statements do not include various tenant associations which are legally separate entities.

B. FUNDS The accounts of the Housing Authority are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements.

Proprietary Funds Proprietary funds account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Proprietary funds differ from

Housing Authority of the City of Alexandria
Notes to the Financial Statements

governmental funds in that their focus is on income measurement, which, together with the maintenance of equity, is an important financial indicator. The proprietary fund includes the following:

Enterprise Fund – Accounts for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund – accounts for operations that provide services to other departments or agencies of the government, or to other governments, on a cost-reimbursement basis. This fund accounts for transactions of the Group Health Self-Insurance Fund.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the account and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Proprietary Funds Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. The Housing Authority has elected, pursuant to GASB Statement No. 20, to apply all GASB pronouncements and only FASB pronouncements issued before November 30, 1989.

D. BUDGETS

General Budget Policies The Housing Authority adopted budgets for all funds.

HUD approves all budgets adopted by the Housing Authority. The budget is controlled by fund at the function level. Budgetary amendments require approval of the governing body. All appropriations lapse at year-end.

Encumbrances Encumbrance accounting, under which purchase orders are recorded in order to reserve that portion of the applicable appropriation, is not employed. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded. In addition, the monthly budget reports are reviewed to ensure compliance with the budget, and where necessary, revisions to the budget are made.

Formal budget integration (within the accounting records) is employed as a management control device.

E. DEPOSITS Cash includes amounts in demand deposits and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and cash with fiscal agent. Under state law, the Housing Authority may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVESTMENTS Under state law, the Housing Authority may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

G. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet. Short-term interfund loans are classified as interfund receivables/payables.

H. INVENTORY All purchased inventory items are valued at cost using first-in, first-out method. Purchased inventories are offset by a fund balance reserve which indicates that these do not constitute "available spendable resources," even though

Housing Authority of the City of Alexandria
Notes to the Financial Statements

they are a component of total assets. Acquisition of materials and supplies are accounted for on the consumption method, that is, the expenditures are charged when the items are consumed.

I. PREPAID ITEMS Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid items consist of prepaid insurance.

J. FIXED ASSETS Property, plant and equipment in the proprietary funds of the government are recorded at cost. Property, plant and equipment donated to these proprietary fund type operations are recorded at their estimated fair value at the date of donation.

Major outlays for capital assets and improvement are capitalized in proprietary funds as projects are constructed. Interest incurred during the construction phase of proprietary fund fixed assets is reflected in the capitalized value of the asset constructed, net of interest earned on the invested proceeds over the same period.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized in the proprietary funds.

Property, plant and equipment are depreciated in the proprietary and similar trust funds of the government and CATV using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40 years
Site and building improvements	15 years
Office equipment (other than computers)	7 years
Computers	3 years
Automobiles and trucks	5 years

K. DEFERRED REVENUES The Housing Authority reports deferred revenues on its combined balance sheet. Deferred revenues arise when resources are received by the Housing Authority before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when the Housing Authority has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and the revenue is recognized.

L. COMPENSATED ABSENCES The Housing Authority follows Louisiana Civil Service regulations for accumulated annual and sick leave. Employees may accumulate up to three hundred hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

M. FUND EQUITY Reservations represent those portions of fund balance that are not appropriable for expenditures or legally segregated for a specific future use.

N. INTERFUND TRANSACTIONS Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/ expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

O. MEMORANDUM ONLY - TOTAL COLUMNS The total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in accordance with accounting principles generally

Housing Authority of the City of Alexandria
Notes to the Financial Statements

accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

P. USE OF ESTIMATES The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balances/Retained Earnings The following funds have a deficit in the fund balance at June 30, 2001:

<u>Fund</u>	<u>Deficit Amount</u>
MOD Rehab #2	\$14,716
MOD Rehab #3	66,288
Proprietary fund:	
Internal service fund	17,942

Management expects to correct these deficits by a transfer from the general fund in the 2001-2002 fiscal year.

NOTE 3 - DEPOSITS At June 30, 2001, the Housing Authority has deposits (book balances) totaling \$1,792,573.

Deposits are stated at cost, which approximates fair value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The fair value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At year-end, the Housing Authority's carrying amount of deposits was \$1,792,573 and the bank balance was \$1,844,357. Of the bank balance, \$100,000 was covered by federal depository insurance or by collateral held by the Housing Authority's agent in the Housing Authority's name (GASB Category 1). The Housing Authority maintains a sweep account for the operating funds of the Housing Authority. This cash account is swept daily for excess cash. Excess amounts are invested in an overnight repurchase agreement which is invested in United States government treasury bills, treasury notes, and certificates of deposit. The U. S. government investments are held in the Housing Authority's name through a book-entry system at the Federal Reserve Bank, therefore, these deposits were considered to be Category 1 which includes deposits that are collateralized with securities held by the pledging financial institution's trust department or its safekeeping agent in the Housing Authority's name. Because the repurchase agreements mature daily and are highly liquid, the Housing Authority treats this repurchase agreement (\$1,645,226) as cash equivalents. The remaining balance, \$99,131 was collateralized with securities held by the pledging financial institution's trust department or agent but not in the Housing Authority's name (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the Housing Authority that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES The receivables at June 30, 2001, net of allowance for doubtful accounts are as follows:

<u>Class of Receivables</u>	<u>Enterprise</u>
Dwelling rental	\$ 3,785
HUD	482,090
Total	<u>\$485,875</u>

Housing Authority of the City of Alexandria
Notes to the Financial Statements

NOTE 5 - FIXED ASSETS The changes and balances in fixed assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land	\$ 725,902	\$ -	\$ -	\$ 725,902
Buildings and improvements	32,104,832	-	123,619	31,981,213
Furniture and equipment	723,511	87,844	26,316	785,039
Construction in progress	268,019	745,847	-	1,013,866
Total	<u>33,822,264</u>	<u>833,691</u>	<u>149,935</u>	<u>34,506,020</u>
Less accumulated depreciation:				
Buildings and improvements	12,016,500	1,037,439	-	13,053,939
Furniture and equipment	396,088	259,475	-	655,563
Total	<u>12,412,588</u>	<u>1,296,914</u>	<u>-</u>	<u>13,709,502</u>
Fixed assets, net	<u>\$21,409,676</u>	<u>\$(463,223)</u>	<u>\$149,935</u>	<u>\$20,796,518</u>

NOTE 6 - RETIREMENT SYSTEM The Housing Authority provides pension benefits for all of its full-time employees through a defined contribution plan. All regular and full-time employees are eligible to participate in the plan on the first day of the month after completing one year of continuous and uninterrupted employment.

Under a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The employer is required to make monthly contributions equal to 7.0 percent of each participant's basic (excludes overtime) compensation.

The Housing Authority's contribution for each employee and income allocated to the employee's account are fully vested after five years of continuous service. The Housing Authority's contributions and interest forfeited by employees who leave employment before five years of service are used to offset future contributions of the Housing Authority.

The Housing Authority's total payroll for year ended June 30, 2001, was \$815,617. The Housing Authority's contributions were calculated using the base salary amount of \$474,414. Both the Housing Authority and the covered employees made the required contributions of \$56,930 for the year ended June 30, 2001.

NOTE 7 - ACCOUNTS PAYABLE The payables at June 30, 2001, are as follows:

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total</u>
Vendors	\$ 80,589	\$18,390	\$ 98,979
Payable to HUD	28,974	-	28,974
Total	<u>\$109,563</u>	<u>\$18,390</u>	<u>\$127,953</u>

NOTE 8 - COMPENSATED ABSENCES At June 30, 2001, employees of the Housing Authority have accumulated and vested \$77,448 of employee leave benefits which includes \$-0- of salary-related benefits, which was computed in accordance with GASB Codification Section C60.

NOTE 9 - CHANGES IN DEPOSITS DUE OTHERS

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance Ending</u>
Tenants Security Deposits	<u>\$37,010</u>	<u>\$6,191</u>	<u>\$ -</u>	<u>\$43,201</u>

Housing Authority of the City of Alexandria
Notes to the Financial Statements

NOTE 10 - GENERAL LONG-TERM OBLIGATIONS The following is a summary of the long-term obligation transactions for the year ended June 30, 2001:

	<u>Compensated Absences</u>
Balance, beginning	\$78,446
Additions	1,298
Deductions	<u>2,296</u>
Balance, ending	<u>\$77,448</u>

NOTE 11 - INTERFUND TRANSACTIONS

Due from/to other funds:

	<u>Receivable</u>	<u>Payable</u>
Business Activities		\$ 7,727
Low Rent Public Housing	\$417,143	
Public and Indian Housing Drug Elimination		137,726
Section 8 Rental Voucher Program		38,886
Section 8 Rental Certificate Program		104,569
Public Housing Comprehensive Grant Program	<u>29,151</u>	<u>157,386</u>
Total	<u>\$446,294</u>	<u>\$446,294</u>

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Litigation At June 30, 2000, the Housing Authority was involved in various litigation. It is the opinion of the legal advisor for the Housing Authority that it would not materially affect the financial statements.

Troubled Agency Status The Housing Authority has been declared a troubled housing authority by HUD. As a result, a recovery plan has been formulated to address several areas of operation. This plan could result in expenditures in the future which cannot be estimated.

Construction Projects There are certain major construction projects in progress at June 30, 2000. These include modernizing rental units at practically all of the projects. As approved by HUD, these projects are being funded by HUD. Funds are requested periodically as the cost is incurred.

Self-Insurance The Housing Authority is partially self-insured for employee's group and health insurance coverage. Claims are funded through employee contributions and operating funds of the Housing Authority. The Housing Authority maintains stop-loss coverage with an insurance company for claims in excess of \$7,500 per claim for each employee. All known claims filed and an estimate of incurred but not reported claims based on experience of the Housing Authority are made and accrued as necessary in the financial statements.

Grant Disallowances The Housing Authority participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Housing Authority management believes that the amount of disallowances, if any, which may arise from future audits will not be material.

NOTE 13 - RISK MANAGEMENT The Housing Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the Housing Authority carries commercial insurance. The Housing Authority established a risk management program for employee's group health insurance in 1992. Premiums are paid into the internal service fund by all other funds and are available to pay claims, claim reserves and administrative costs of the program. These interfund premiums are used to reduce the amount of claims expenditure reported in the internal service fund. As of June 30, 2001, such interfund premiums did not exceed reimbursable expenditures.

Housing Authority of the City of Alexandria
Notes to the Financial Statements

Interfund premiums are based primarily upon the individual funds' payroll and are reported as expenditures in the individual funds.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. An excess coverage insurance policy covers individual claims in excess of \$7,500. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic and social factors. The liability for claims and judgments is reported in the internal service fund. Changes in the balances of claims liabilities during the past year are as follows:

	<u>Current Year</u>	<u>Prior Year</u>
Unpaid claims, beginning of fiscal year	\$ 19,714	\$228,805
Incurred claims (including IBNRs)	286,862	214,613
Claim payments	288,186	423,704
Unpaid claims, end of fiscal year	18,390	19,714

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2001

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program
111	Cash - Unrestricted	119,998	607,300	0	417,868
100	Total Cash	119,998	607,300	0	417,868
122	Accounts Receivable - HUD Other Projects	0	0	137,726	168,360
125	Accounts Receivable - Miscellaneous	0	0	0	0
126	Accounts Receivable - Tenants - Dwelling Rents	0	6,695	0	0
126	Allowance for Doubtful Accounts - Dwelling Rents	0	(2,910)	0	0
126	Allowance for Doubtful Accounts - Other	0	0	0	0
120	Total Receivables, net of allowances for doubtful accounts	0	3,785	137,726	168,360
131	Investments - Unrestricted	0	0	0	0
142	Prepaid Expenses and Other Assets	2,168	122,034	0	8,092
143	Inventories	0	52,702	0	0
143	Allowance for Obsolete Inventories	0	(2,635)	0	0
144	Interprogram Due From	0	417,143	0	0
150	Total Current Assets	122,166	1,200,329	137,726	594,320
161	Land	48,219	677,683	0	0
162	Buildings	405,581	31,575,633	0	0
163	Furniture, Equipment & Machinery - Dwellings	0	316,848	0	0
164	Furniture, Equipment & Machinery - Administration	0	460,678	7,512	0
165	Leasehold Improvements	0	0	0	0
166	Accumulated Depreciation	(173,578)	(13,444,230)	(2,191)	0
167	Construction In Progress	0	0	0	0
160	Total Fixed Assets, Net of Accumulated Depreciation	280,222	19,586,612	5,321	0
180	Total Non-Current Assets	280,222	19,586,612	5,321	0
190	Total Assets	402,388	20,786,941	143,047	594,320

Section 8 Mod Rehab LA023MR0001	Section 8 Mod Rehab LA023MR0002	Section 8 Mod Rehab LA023MR0003	Section 8 Rental Certificate Program	Public Housing_Comp Grant Program	Public Housing Capital Fund Program	Total
44,170	0	0	684,241	0	0	1,873,577
44,170	0	0	684,241	0	0	1,873,577
0	0	0	0	160,624	15,380	482,090
0	0	0	0	0	0	0
0	0	0	0	0	0	6,695
0	0	0	0	0	0	(2,910)
0	0	0	0	0	0	0
0	0	0	0	160,624	15,380	485,875
0	0	0	0	0	0	0
0	0	0	18	0	0	132,312
0	0	0	0	0	0	52,702
0	0	0	0	0	0	(2,635)
0	0	0	0	29,151	0	446,294
44,170	0	0	684,259	189,775	15,380	2,988,125
0	0	0	0	0	0	725,902
0	0	0	0	0	0	31,981,214
0	0	0	0	0	0	316,848
0	0	0	0	0	0	468,190
0	0	0	0	0	0	0
0	0	0	0	(89,503)	0	(13,709,502)
0	0	0	0	1,013,866	0	1,013,866
0	0	0	0	924,363	0	20,796,518
0	0	0	0	924,363	0	20,796,518
44,170	0	0	684,259	1,114,138	15,380	23,784,643

(Continued)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2001

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Public and Indian Housing Drug Elimination Program	Section 8 Rental Voucher Program
311	Bank Overdraft	0	0	0	0
312	Accounts Payable <= 90 Days	1,290	4,511	0	0
321	Accrued Wage/Payroll Taxes Payable	0	779	0	0
322	Accrued Compensated Absences	752	63,557	0	12,219
331	Accounts Payable - HUD PHA Programs	0	0	0	0
341	Tenant Security Deposits	900	42,301	0	0
342	Deferred Revenues	0	86,566	0	254,842
345	Other Current Liabilities	0	0	0	0
346	Accrued Liabilities - Other	0	55,390	0	0
347	Interprogram Due To	7,727	0	137,726	38,886
310	Total Current Liabilities	10,669	253,104	137,726	305,947
350	Total Noncurrent Liabilities	0	0	0	0
300	Total Liabilities	10,669	253,104	137,726	305,947
504	Net HUD PHA Contributions	387,599	9,358,778	0	0
507	Other Contributions	0	10,054,853	0	0
508	Total Contributed Capital	387,599	19,413,631	0	0
510	Fund Balance Reserved for Capital Activities	0	0	0	0
511	Total Reserved Fund Balance	0	0	0	0
512	Indesignated Fund Balance/Retained Earnings	4,121	1,120,204	5,321	288,373
513	Total Equity	391,720	20,533,835	5,321	288,373
600	Total Liabilities and Equity	402,389	20,786,939	143,047	594,320

Section 8 Mod Rehab LA023MR0001	Section 8 Mod Rehab LA023MR0002	Section 8 Mod Rehab LA023MR0003	Section 8 Rental Certificate Program	Public Housing_Comp Grant Program	Public Housing Capital Fund Program	Total
0	14,716	66,288	0	0	0	81,004
0	0	0	0	18,619	0	24,420
0	0	0	0	0	0	779
0	0	0	920	0	0	77,448
0	0	0	28,974	0	0	28,974
0	0	0	0	0	0	43,201
0	0	0	0	29,151	0	370,559
0	0	0	0	0	0	0
0	0	0	0	0	0	55,390
0	0	0	104,569	142,006	15,380	446,294
0	14,716	66,288	134,463	189,776	15,380	1,128,069
0	0	0	0	0	0	0
0	14,716	66,288	134,463	189,776	15,380	1,128,069
0	0	0	0	324,822	0	10,071,199
0	0	0	0	0	0	10,054,853
0	0	0	0	324,822	0	20,126,052
0	0	0	0	0	0	0
0	0	0	0	0	0	0
44,170	(14,716)	(66,288)	549,797	599,540	0	2,530,522
44,170	(14,716)	(66,288)	549,797	924,362	0	22,656,574
44,170	0	0	684,260	1,114,138	15,380	23,784,643

(Continued)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2001

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Public Housing Drug Elimination Program	Section 8 Rental Voucher Program
703	Net Tenant Rental Revenue	22,725	618,984	0	0
704	Tenant Revenue - Other	7,100	117,620	0	0
705	Total Tenant Revenue	29,825	736,604	0	0
706	HUD PHA Grants	0	889,027	166,716	2,461,462
711	Investment Income - Unrestricted	0	41,891	0	6,862
715	Other Revenue	0	20,960	0	0
700	Total Revenue	29,825	1,688,482	166,716	2,468,324
911	Administrative Salaries	10,908	285,050	0	140,612
912	Auditing Fees	0	8,240	0	7,169
915	Employee Benefit Contributions - Administrative	9,427	146,698	0	53,734
916	Other Operating - Administrative	1,206	219,602	159,204	25,672
924	Tenant Services - Other	0	4,780	0	0
931	Water	0	38,697	0	0
932	Electricity	0	18,702	0	0
933	Gas	0	7,686	0	0
938	Other Utilities Expense	0	0	0	3,986
941	Ordinary Maintenance and Operations - Labor	0	317,589	0	0
942	Ordinary Maintenance and Operations - Materials and Other	969	123,079	0	57
943	Ordinary Maintenance and Operations - Contract Costs	3,340	124,767	0	4,460
945	Employee Benefit Contributions - Ordinary Maintenance	0	106,230	0	0
952	Protective Services - Other Contract Costs	0	106,934	0	507
953	Protective Services - Other	0	15,540	0	0
961	Insurance Premiums	2,282	153,608	0	8,592
962	Other General Expenses	0	33,275	0	0
963	Payments in Lieu of Taxes	0	55,390	0	0
964	Bad Debt - Tenant Rents	0	17,643	0	0
969	Total Operating Expenses	28,132	1,783,510	159,204	244,789

Section 8 Mod Rehab LA023MR0001	Section 8 Mod Rehab LA023MR0002	Section 8 Mod Rehab LA023MR0003	Section 8 Rental Certificate Program	Public Housing_Comp Grant Program	Public Housing Capital Fund Program	Total
0	0	0	0	0	0	641,709
0	0	0	0	0	0	124,720
0	0	0	0	0	0	766,429
0	0	0	203,706	839,298	15,380	4,575,589
0	0	0	18,211	0	0	66,964
0	0	0	0	0	0	20,960
0	0	0	221,917	839,298	15,380	5,429,942
0	0	0	21,011	14,551	0	472,132
0	0	0	1,071	0	0	16,480
0	0	0	7,115	0	0	216,974
0	0	0	3,975	123,195	15,380	548,234
0	0	0	0	0	0	4,780
0	0	0	0	0	0	38,697
0	0	0	0	0	0	18,702
0	0	0	0	0	0	7,686
0	0	0	596	0	0	4,582
0	0	0	0	0	0	317,589
0	0	0	8	0	0	124,113
0	0	0	658	0	0	133,225
0	0	0	0	0	0	106,230
0	0	0	76	0	0	107,517
0	0	0	0	0	0	15,540
0	0	0	958	0	0	165,440
0	0	0		0	0	33,275
0	0	0	0	0	0	55,390
0	0	0	0	0	0	17,643
0	0	0	35,468	137,746	15,380	2,404,229

(Continued)

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
FINANCIAL DATA SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2001

Line Item No.	Account Description	Business Activities	Low Rent Public Housing	Public Housing Drug Elimination Program	Section 8 Rental Voucher Program
970	Excess Operating Revenue over Operating Expenses	1,693	(95,028)	7,512	2,223,535
973	Housing Assistance Payments	0	0	0	2,179,230
974	Depreciation Expense	10,211	1,195,009	2,191	0
900	Total Expenses	38,343	2,978,519	161,395	2,424,019
1,001	Operating Transfers In	0	125,000	0	0
1,002	Operating Transfers Out	0	0	0	0
1,010	Total Other Financing Sources (Uses)	0	125,000	0	0
1,000	Excess (Deficiency) of Operating Revenue Over (Under) Expenses	(8,518)	(1,165,037)	5,321	44,305
1,101	Capital Outlays Enterprise Fund	0	0	0	0
1,102	Debt Principal Payments - Enterprise Funds	0	0	0	0
1,103	Beginning Equity	400,238	21,868,166	0	244,068
1,104	Prior Period Adjustments, Equity Transfers and Correction of Errors	0	(169,294)	0	0
1,112	Depreciation Add Back	10,211	1,195,009	2,191	0
1,113	Maximum Annual Contributions Commitment (Per ACC)	0	0	0	2,584,153
1,114	Prorata Maximum Annual Contributions Applicable to a Period of less than Twelve Months	0	0	0	0
1,115	Contingency Reserve, ACC Program Reserve	0	0	0	465,891
1,116	Total Annual Contributions Available	0	0	0	3,050,044
1,120	Unit Months Available	204	8,863	0	9,102
1,121	Number of Unit Months Leased	156	6,065	0	7,328

Section 8 Mod Rehab LA023MR0001	Section 8 Mod Rehab LA023MR0002	Section 8 Mod Rehab LA023MR0003	Section 8 Rental Certificate Program	Public Housing_Comp Grant Program	Public Housing Capital Fund Program	Total
0	0	0	186,449	701,552	0	3,025,713
0	0	0	172,584	0	0	2,351,814
0	0	0	0	89,503	0	1,296,914
0	0	0	208,052	227,249	15,380	6,052,957
0	0	0	0	0	0	125,000
0	0	0	0	(125,000)	0	(125,000)
0	0	0	0	(125,000)	0	0
0	0	0	13,865	487,049	0	(623,015)
0	0	0	0	0	0	0
0	0	0	0	0	0	0
44,811	(14,260)	(57,152)	535,932	268,019	0	23,289,822
(641)	(456)	(9,136)	0	169,294	0	(10,233)
0	0	0	0	89,503	0	1,296,914
0	0	0	525,965	0	0	3,110,118
0	0	0	0	0	0	0
0	0	0	1,027,863	0	0	1,493,754
0	0	0	1,553,828	0	0	4,603,872
0	0	0	750	0	0	18,919
0	0	0	750	0	0	14,299

(Concluded)

FINANCIAL STATUS REPORT
(Short Form)
(Follow Instructions on the back)

1. Federal Agency and Organizational Element to which report is submitted U. S. Department of Housing and Urban Development		2. Federal Grant or Other Identifying Number Assigned by Federal Agency LA49DEP023 91		OMB Approval No. 0348-0039	Page 1 of 1 Page
3. Recipient Organization (Name and complete address, including zip code) Alexandria Housing Authority, P. O. Box 8219, Alexandria, LA 71306					
4. Employer Identification Number 72-6000533		5. Recipient Account Number or Identifying Number		6. Final Report <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	7. Basis <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual
8. Funding/Grant Period (See Instructions) From: (Month, Day, Year) 01/01/1992		To: (Month, Day, Year) 12/31/1994		9. Period Covered by this Report From: (Month, Day, Year) To: (Month, Day, Year)	
10. Transactions				I Previously Reported	I This Period
a. Total Outlays					250,591.20
b. Recipient share of outlays					115,761.20
c. Federal share of outlays					134,830.00
d. Total unliquidated obligations					.00
e. Recipient share of unliquidated obligations					.00
f. Federal share of unliquidated obligations					.00
g. Total Federal share (Sum of lines c and f)					134,830.00
h. Total Federal funds authorized for this funding period					134,830.00
i. Unobligated balance of Federal funds (Line h minus line g)					.00
11. Indirect Expense		a. Type of Rate (Place "X" in appropriate box) <input type="checkbox"/> Provisional <input type="checkbox"/> Predetermined <input type="checkbox"/> Final <input type="checkbox"/> Fixed			
b. Rate		c. Base		d. Total Amount	e. Federal Share
12. Remarks: Attach any explanations deemed necessary or information required by Federal sponsoring agency in compliance with governing legislation.					
13. Certification: I certify to the best of my knowledge and belief that this report is correct and complete and that all outlays and unliquidated obligations are for the purposes set forth in the award documents.					
Typed or Printed Name and Title Wanda H. Davis, Executive Director				Telephone (area code, number and extension) 318-442-8843, Ext. 214	
Signature of Authorized Certifying Official				Date Report Submitted June 6, 2001	

**Housing Authority of the City of Alexandria
Compensation Paid Board Members**

The members of the Board of Commissioners serve without compensation. The members of the Board of Commissioners are as follows:

Mr. Henry (Hank) Lazarone

Chairman

Mr. Joseph Belvin

Vice Chairman

Mr. Morris W. Doss

Mr. George Williams

Mr. Samuel McKay



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Regina R. Mekus, CPA

Ernest L. Allen, CPA (Retired)
1963 - 2000

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

We have audited the financial statements of the Housing Authority of the City of Alexandria as of and for the year ended June 30, 2001, and have issued our report thereon dated September 26, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Housing Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Management Letter Items

We also noted a certain immaterial instance of noncompliance which we have reported to management of the Housing Authority in a separate letter dated September 26, 2001, included later in this report in the section titled Management Letter Items.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Housing Authority's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition as identified as item 01-F1 in the accompanying Schedule of Findings and Questioned Costs. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Housing Authority's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 26, 2001



ALLEN, GREEN & COMPANY, LLP

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Ernest L. Allen, CPA (Retired)
1963 - 2000

Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular No. A-133

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

Compliance

We have audited the compliance of the Housing Authority of the City of Alexandria with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular No. A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. The Housing Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Housing Authority's management. Our responsibility is to express an opinion on the Housing Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America; and OMB Circular No. A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular No. A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Housing Authority's compliance with those requirements.

In our opinion, the Housing Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of the Housing Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Housing Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular No. A-133.

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the Housing Authority's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in the accompanying schedule of findings and questioned costs as item #01-F2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 26, 2001

HOUSING AUTHORITY OF THE CITY OF ALEXANDRIA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2001

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR / PROGRAM NAME	CFDA NUMBER	PASS THROUGH GRANTOR NO.	EXPENDITURES
U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			
DIRECT PROGRAMS			
Public and Indian Housing Operating Subsidy	14.850	FW 1142	\$ <u>889,027</u>
Public and Indian Housing Comprehensive Grant Program			
LA 23-707	14.859	FW 1142	531,541
LA 23-708	14.859	FW 1142	<u>307,757</u>
TOTAL PROGRAM			<u>839,298</u>
Public Housing Capital Fund Program	14.872	FW 1142	<u>15,380</u>
Section 8 Rental Certificate Program	14.857	FW 2069	<u>203,706</u>
Public and Indian Housing Drug Elimination Program	14.854		<u>166,716</u>
Section 8 Rental Vouchers	14.855	FW 2221	<u>2,461,462</u>
TOTAL U.S. DEPT. OF HOUSING AND URBAN DEVELOPMENT			\$ <u>4,575,589</u>

Housing Authority of the City of Alexandria
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2001

NOTE 1 - GENERAL The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Housing Authority. The Housing Authority reporting entity is defined in Note 1 to the Housing Authority's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through other government agencies, is included on the schedule.

NOTE 2 - BASIS OF ACCOUNTING The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the Housing Authority's general-purpose financial statements.

NOTE 3 - RELATIONSHIP TO GENERAL-PURPOSE FINANCIAL STATEMENTS Federal awards revenues are reported in the Housing Authority's general-purpose financial statements as follows:

Low Rent Public Housing	\$ 889,027
Public and Indian Housing Drug Elimination Program	166,716
Section 8 Rental Voucher Program	2,461,462
Section 8 Rental Certificate Program	203,706
Public Housing Comprehensive Grant Program	<u>854,678</u>
Total	<u>\$4,575,589</u>

NOTE 4 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS Amounts reported in the accompanying schedule agree with the amounts reported in the related federal financial reports except for changes made to reflect amounts in accordance with accounting principles generally accepted in the United States of America.

NOTE 5 - FEDERAL AWARDS For those funds that have matching revenues and state funding, federal expenditures were determined by deducting matching revenues from total expenditures. In accordance with HUD Notice PIH 98-14, "federal awards" do not include the Housing Authority operating income from rents or investments (or other non-federal sources). In addition, debt service annual contribution payments made by HUD directly to fiscal agents for holders of the Housing Authority bonds or for the Housing Authority notes held by the federal financing bank (FFB), are not considered when determining if the Single Audit Act "federal awards expended" threshold is met by the Housing Authority in a fiscal year. In addition, the entire amount of operating subsidy received during the fiscal year is considered to be "expended" during the fiscal year.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2001**

PART I - Summary of the Auditors' Results

Financial statement audit

- i. The type of audit report issued was unqualified.
- ii. There were a reportable condition required to be disclosed by Government Auditing Standards issued by the Comptroller General of the United States.

This reportable condition was considered not to be a material weakness.

- iii. There were no instances of noncompliance considered material, as defined by the Government Auditing Standards, to the financial statement.

Audit of federal awards

- iv. There was a reportable condition required to be disclosed by OMB Circular No. A-133.

This reportable condition was considered not to be a material weakness.

- v. The type of report the auditor issued on compliance for major programs was unqualified.
- vi. The audit disclosed audit findings which the auditor is required to report under OMB Circular No. A-133, Section .510(a).
- vii. The major federal programs are:

CFDA #14.850 Public and Indian Housing - Operating Subsidy

Section 8 Tenant-Based Cluster

CFDA #14.855 Section 8 Rental Voucher Program
CFDA #14.857 Section 8 Rental Certificate Program

- viii. The dollar threshold used to distinguish between Type A and Type B programs as described in OMB Circular No. A-133, Section .520(b) was \$300,000.
- ix. The auditee does not qualify as a low-risk auditee under OMB Circular No. A-133, Section .530.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2001**

PART II - Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards generally accepted in the United States of America:

Reference # and title: **01-F1** **Internal Control - Payroll**

Entity-wide or program/department specific: This finding applies entity-wide.

Criteria or specific requirement: Requirement for disbursements of payroll must have supporting time sheet/card approved by appropriate supervisors.

Condition found: The supporting documentation for payroll disbursements are not being reviewed and approved by department heads.

Possible asserted effect (cause and effect):

Cause: Department heads do not review and approve payroll documentation for payment.

Effect: Time cards being used to pay employees are not being approved.

Recommendations to prevent future occurrences: The Housing Authority should establish approval procedures to ensure all time cards are being reviewed by Department heads.

**Housing Authority of the City of Alexandria
Schedule of Findings and Questioned Costs
As of and for the Year Ended June 30, 2001**

PART III - Findings and questioned costs for federal awards which are required to be reported under OMB Circular No. A-133 Section .510(a):

Reference # and title: **01-F2** **Internal Control - Payroll**

Federal program and specific federal award identification:

	<u>CFDA#</u>	<u>Contract #</u>
CFDA Title: Public and Indian Housing Award Year 2001	14.850	FN1142
CFDA Title: Section 8 Tenant Based Cluster Award Year 2001	14.855, 14.857	FN2221, FW2069
CFDA Title: Comprehensive Grant Award Year 2001	14.859	FN1142

Criteria or specific requirement: Requirement for disbursements of payroll must have supporting time sheet/card approved by appropriate supervisors.

Condition found: The supporting documentation for payroll disbursements are not being reviewed and approved by department heads.

Possible asserted effect (cause and effect):

Cause: Department heads do not review and approve payroll documentation for payment.

Effect: Time cards being used to pay employees are not being approved.

Recommendations to prevent future occurrences: The Housing Authority should establish approval procedures to ensure all time cards are being reviewed by Department heads.

**Housing Authority of the City of Alexandria
Summary Schedule of Prior Audit Findings
June 30, 2001**

Finding reference number: **00-F1** **Tenant Files for Public and Indian Housing**

Initially occurred: June 30, 1999.

Condition: In testing of client files the following was noted:

- 1) One instance in which the file did not contain documentation that a reexamination was performed annually.
- 2) Three instances in which information included on Form 50058 did not agree with or could not be traced to documentation in the file.
- 3) One instance in which documentation of third-party verification of income was not included in the file.

Corrective action taken: Files are reviewed as a reexamination is done to ensure all the required paperwork is included.

Finding reference number: **00-F2** **Annual Inspections for Public and Indian Housing**

Initially occurred: June 30, 2000.

Condition: Numbers the Housing Authority used on the MASS Report are not supported by any available documentation. The only inspections done by the Housing Authority are housekeeping inspections (check wiring, etc.).

Corrective action taken: The Housing Authority maintains files on each public housing apartment that contains all annual UPCS inspections and is logging them in the Housing software system.

Finding reference number: **00-F3** **Tenant Files for Public and Indian Housing**

Initially occurred: June 30, 1999.

Condition: In testing of client files the following was noted:

- 1) One instance in which the file did not contain documentation that a reexamination was performed annually.
- 2) Three instances in which information included on Form 50058 did not agree with or could not be traced to documentation in the file.
- 3) One instance in which documentation of third-party verification of income was not included in the file.

Corrective action taken: Files are reviewed as a reexamination is done to ensure all the required paperwork is included.

Finding reference number: **00-F4** **Annual Inspections for Public and Indian Housing**

Initially occurred: June 30, 2000.

Condition: Numbers the Housing Authority used on the MASS Report are not supported by any available documentation. The only inspections done by the Housing Authority are housekeeping inspections (check wiring, etc.).

Corrective action taken: The Housing Authority maintains files on each public housing apartment that contains all annual UPCS inspections and is logging them in the Housing Authority's software system.

**Housing Authority of the City of Alexandria
Corrective Action Plan for Current-Year Findings and Questioned Costs
For the Year Ended June 30, 2001**

Reference # and title: **01-F1** **Internal Control Payroll**

Condition: The supporting documentation for payroll disbursements are not being reviewed and approved by Department Heads.

Corrective action planned: Management will confer with department heads and stress the importance of reviewing and initialing employee time cards prior to payment. The payroll department will return any time cards not properly approved for payment.

Person responsible for corrective action:

Ms. Wanda Davis, Executive Director
Housing Authority of the City of Alexandria
P. O. Box 8219
Alexandria, Louisiana 71306-8219

Telephone: (318) 442-8843
Fax: (318) 445-2529

Anticipated completion date: June 30, 2002.

Reference # and title: **01-F2** **Internal Control - Payroll**

Condition: The supporting documentation for payroll disbursements are not being reviewed and approved by department heads.

Corrective action planned: Management will confer with department heads and stress the importance of reviewing and initialing employee time cards prior to payment. The payroll department will return any time cards not properly approved for payment.

Person responsible for corrective action:

Ms. Wanda Davis, Executive Director
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Anticipated completion date: June 30, 2002.



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1963 - 2000

Management Letter

Board of Commissioners
Housing Authority of the City of Alexandria
Alexandria, Louisiana

In planning and performing our audit of the general-purpose financial statements of the Housing Authority of the City of Alexandria, for the year ended June 30, 2001, we considered the Housing Authority's internal control to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

However, during our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated September 26, 2001, on the financial statements of the Housing Authority. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies. We will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

01-M1 Rent Collections

Comment: The Housing Authority accepts rent collections in the forms of cash, checks, and money orders.

Recommendation: The Housing Authority should consider adopting a policy to not accept cash and limit collections to money orders and checks.

Management's response: Management will present for Board approval a policy limiting payment of rent collections to money orders only.

01-M2 PHAS Indicators

Comment: The Housing Authority's PHAS submission does not agree to supporting documentation.

Recommendation: The Housing Authority should have procedures in place to carefully review all information submitted to HUD.

Management's response: Management will establish procedures to provide review of documentation and preliminary PHAS prior to submission.

01-M3 Work Order Log

Comment: All work orders being issued should be logged out to the appropriate maintenance personnel and logged back in when completed to account for all work orders.

Recommendation: The Housing Authority should establish work order logging procedures. These procedures could be reviewed by maintenance supervisor.

Management's response: There is a work order logging procedure in place; however, it is not being fully utilized. Management will confer with all maintenance personnel and stress the importance of adhering to these procedures.

01-M4 Allocation of costs

Comment: The Housing Authority received a donation of approximately 40 houses from the Louisiana Department of Transportation (DOTD) approximately 12 years ago. These houses were provided for use by landlords who were displaced by the construction of I-49 interstate. The transfer agreement stipulated that the houses would remain as rental units for a few years. Thereafter, the houses could be sold or used for other purposes. A separate fund was set up on the Housing Authority's books to account for the proceeds from the sale of the houses. The Housing Authority has 18 units left which have not been sold. An agreed-upon procedures report prepared by another accounting firm and sanctioned by the Office of Inspector General (OIG) recommended that the Housing Authority properly allocate costs between various programs it operates.

The Housing Authority's planned action to this agreed-upon procedures report comment was to determine the actual amount of cash reserves in the low rent program based solely on the administration of the low rent public housing program.

The Housing Authority has separately accounted for the DOTD fund on its books since the property was received from the Louisiana Department of Transportation. The accountant for the Housing Authority reviewed the payments made from the DOTD fund for the period from July 1996 through June 30, 2000 to determine the amount of expenses which were on behalf of the low rent public housing fund. The total amount determined to be spent out of the DOTD fund for low rent public housing for the four-year period was \$207,278.95.

Management was unaware that they should more clearly delineate their intentions. The Board later adopted a resolution to donate the \$207,278.95 to the low rent public housing fund from the DOTD fund.

The effect is that it would be unclear to someone reviewing the Housing Authority's records for the first time whether the expenses paid by DOTD were truly to be borne by DOTD or if the checks were miscoded.

Recommendation: In the future, the Housing Authority should review and document expenses charged to all funds and make any changes necessary. Expenses directly related to the low rent public housing program should be charged to that fund. However, if it is the intent of the Housing Authority that the cost paid by DOTD on behalf of another fund is not to be reimbursed to DOTD, the Housing Authority should formalize this intent by adopting a resolution, at least annually, acknowledging the payments were, in effect, a donation. Further, the Housing Authority should ascertain that a donation by a fund to another fund is not in violation of any regulation pertaining to the fund that made the donation.

Management's response: Expenditures will be periodically reviewed for proper classification. The Housing Authority will formally adopt any donations made by DOTD on behalf of the low rent public housing program.

* * * * *

Also included immediately following this letter is a status of prior management letter items. This information has not been audited by Allen, Green & Company, LLP, and no opinion is expressed. However, we did follow-up on prior management letter items and performed procedures to assess the reasonableness of the status of prior management letter items prepared by the auditee, and we would report, as a current-year management letter item when Allen, Green & Company, LLP, concludes that the status of prior management letter items materially misrepresents the status of any prior management letter item.

Our audit procedures are designed primarily to enable us to form an opinion on the financial statements and, therefore, may not reveal all weaknesses in policies and procedures that may exist.

This report is intended solely for the information and use of the Board, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Allen, Green & Company, LLP

ALLEN, GREEN & COMPANY, LLP

Monroe, Louisiana
September 26, 2001

**Housing Authority of the City of Alexandria
Status of Prior Management Letter Items
June 30, 2001**

Reference # and title: **00-M1** **Selection from the Public Housing Waiting List**

Condition: The Housing Authority places applicants in housing according to the application date. To test the placement of applicants in housing, five applicants were selected to determine if the applicants were placed in housing in the order they applied. Two of the applicants were placed in housing ahead of several others who had applied before the applicant placed.

Corrective action taken: Management now follows the proper procedures in placing applicants from the waiting list and documentation is retained.